

EAST PROVIDENCE SCHOOL DEPARTMENT

School Committee Meeting

East Providence City Hall

145 Taunton Avenue

East Providence, Rhode Island 02914

October 27, 2008

Open Session

Mrs. Morris called the meeting to Order at 6:00PM. School Committee Members present: Anthony Carcieri, Robert Faria, Steven Santos and Mildred Morris (Stephen DeCastro, absent). Also present: Dr. Mario Cirillo, Superintendent of Schools, Edward Daft, Assistant Superintendent, Jerome Baron, Director of Administration and Finance, Daniel Kinder, Esq. A motion was made by Mr. Faria to move to executive session for purposes of discussing: Collective Bargaining (R.I. Gen. Laws § 42-46-5 (a) (2) Collective Bargaining/Litigation.

The School Committee returned to public session at 7:00PM to hold a joint meeting with the East Providence City Council for the purposes of budget discussion. Pledge of Allegiance to the Flag was observed.

A PowerPoint Presentation was made by the Superintendent, Dr.

Cirillo and Mr. Baron, Finance Director regarding the School Budget.

Mr. Carcieri asked for comments. Mr. Faria's recollection was that School Committee was advised regarding implementation of a new chart of accounts and there was never any mention of new software; he asked the Finance Director, Mr. Baron, how the School Department would fare through this problem. Mr. Baron answered that he hoped to be able to work through it going forward; he does not have a concrete recommendation, but has spent his first months working on the problem to get to a confidence level. The audit will be starting soon and this will create tremendous work, but we will be forced into it. He is getting five to six calls per day from vendors and trying to do the best he can; we do not have cash flow with millions of dollars of bills we cannot pay.

Mr. Faria asked if the savings in transportation were above and beyond the prior savings. Mr. Baron advised that the savings are in the bus aides; the Transportation Director has been working with the bus company to improve conditions. Mr. Santos asked about special education tuition and if there was any chance of getting the same waiver as Providence, which changed class size from 10 to 12 students and how much of an impact it would have based on the population this year. Dr. Cirillo did not expect much of an impact now; he was in a big urban district where the numbers were not as high; he knows the demographics are changing, but these are high numbers. He explained that training is taking place now to stop it and

we are looking at ways to bring children back into the district from outside placements since the costs of outplacements are staggering. He mentioned earlier that using the Watters building may be a possibility. Dr. Cirillo explained that calls are received every day from vendors for money; if some of our outplacement schools are not paid, they may not be able to service our children any more and may send them back. Mrs. Morris asked if the alternative center to bring kids back would be for this year. Dr. Cirillo felt this year would be a planning year to do it right; children need a continuum of services which could be provided through coalitions and collaboration with other agencies and he believes it would be cost effective with a legacy of taking care of our K-12 children.

Councilman Silva commented that he would like more time to study the information and passed on comments.

Councilwoman Perry asked Mr. Baron his opinion of the accounting set up; if it had been set up differently, could this type of deficit been avoided. Mr. Baron said he just arrived here and there has been a negative balance at the School Department for the entire century; he was not sure about the budget process since 2000. Mrs. Perry said she worked in the School Department and at city hall; there is a significant difference in budget reporting; the school budget is not easily understandable and should be the same as the city. She felt it was important to address these issues.

Mr. Cusack referred to the August 26th budget which started with a one million dollar deficit and estimated expenditure number approved, and a difference of \$3.25 million. The budget approved by the School Department was \$3 ½ million dollars less and that deficit plus the previous one million is basically characterized as overspending. He heard budget approval numbers which were unrealistic because the cuts could not be achieved statutorily. The budget was cut, but not the spending; expenditures got expended and the number is now over four million. What the School Department is saying is that the number of \$76 million is real with some reductions and increases; an adjustment of \$433,000 has been made, but the increase is \$1.8 over last year.

Mr. Baron explained that the Superintendent's plan for special education if implemented will reduce costs, but it takes planning and there were reductions made which could not be made realistically.

Mr. Cusack asked if some numbers could be provided for the alternative learning center and if we would be able to do something a larger entity could do for less. He also said that the real estate market is weak for selling buildings and even if we raise money from the sale of buildings, it will take time to get the money. He hopes negotiations continue as the contract costs are unaffordable. Mr. Cusack's concern was about what to do with the deficit number, how to pay it down and how we can fund operations going forward unless we obtain savings. We need an agreement with the union for real

savings of \$3-4 million dollars; he has no idea if that is achievable, but these are some of the issues we are grappling with.

School attorney, Daniel Kinder, commented that it would not be appropriate to offer details since we are involved in mediation, but both sides are working diligently. If teachers step up they will be heroes; this deficit is threatening the program of school children and is not sustainable; the cuts will be severe on kids if we have to do it; both sides are working hard and both sides are committed to an agreement.

Mr. Cusack asked about going forward this coming year and what we would have to do with programs if we had to reduce the budget.

Dr. Cirillo said it was difficult to answer; the budget is lean and we will do everything to not impinge on educational programs, but there is not much in the budget to cut.

Mr. Cusack said that by reading all statutory obligations, the only alternative would be the Council or from the contracts; finance would have to figure out how to pay down the deficit. Mrs. Morris said we cannot lay off teachers after March 1st. Mr. Cusack said the only way we can do it is if the union gives concessions so that beginning November 1st, we will be starting this year even. Dr. Cirillo felt the only way would be to aggressively pursue cost reductions.

Mr. Carcieri asked if the funds are adequate for the physical plant. Dr. Cirillo answered that we are facing challenges every day and the funds are not adequate for building maintenance. Mr. Carcieri asked where the money will come from in future years, because the buildings are not getting any better and improvement funds are woefully inadequate. Dr. Cirillo commented that funds for capital improvements are necessary. Mr. Carcieri asked about comments at the recent City Council meeting about school spending and about pulling the reins back on spending.

Mr. DiTraglia asked Mr. Baron for a budget number, which Mr. Baron placed at \$77,506,434. Discussion took place regarding reductions to the budget and assumptive cuts taken last year.

Mr. DiTraglia commented that the School Department has been in deficit every year, the problem keeps going on, nothing is done about it, and now it is over \$4 million. The City Council and the taxpayers do not have the money; more cuts need to be made, since we cannot raise the money through a tax increase. There will have to be cuts made throughout the city. Presently there are contractors who have performed work for the city and cannot get paid; the only way to pass the budget is with major cuts. The City Council and School Committee came together to try to make this work, but there are no answers as to how we can make up \$4 million. It has to come either from taxes or major change. We continue to assume expenses and the only way to get out of this is through negotiations.

Mrs. Morris asked about consolidation. Mr. Brown, City Manager, explained that idea was based on generating money from the sale of school buildings. He felt the consolidation was thwarted at School Committee level since a finance director was hired at a higher rate than the city.

Mr. Faria said that buildings and grounds is the perfect place to start for consolidation; he does not understand why we are not going forward. Mr. Brown asked if the Superintendent were committed to the consolidation project; we have to eliminate services in one area and the money has to follow, so that all the work does not fall on the city.

Mr. Carcieri asked if we could start with one area; finance is too complex right now; the school department needed to have a finance person with top credentials to deal with some serious problems. The School Department could not afford to not bring in financial and legal consultants. Mr. Baron commented that there was no concrete plan in place for consolidation except to sell a few buildings. Mr. Brown said the School Committee has to be committed to the process and all agreed that the Superintendent and City Manager should start work on this today.

Mr. Carcieri commented that the Roger Williams study presented to the School Committee and City Council included a list of

recommendations one of which was an outside facilitator.

Mr. Cusack thought everyone pretty much agreed to have the city take charge of buildings; Mr. Brown – money has to follow line of authority – process of planning, assigning tasks, etc. which never happened; there is a whole new team now to start the process.

Mr. Carcieri as SC he is committed to it and asked to have it begin tomorrow with the Supt.

Mr. Brown will look at the buildings/maintenance and transfer of funds and authority to city side.

Discussion regarding a meeting last year and the surplus of buildings; Mr. Carcieri felt that a master plan should be prepared before buildings are sold; even with the surplus number it would not really effect what we are talking about.

Mr. Brown commented that the Auditor General did not approve selling buildings to reduce the deficit; there may be more cost savings by using the Watters building. Mr. Carcieri agreed there is a need to look before we sell any buildings; the School Committee is committed to working with the city to see where consolidation can be made and the discussion should move forward with a master flow chart.

Mr. Cusack mentioned the high school fire code compliance and the

accreditation process; no money has been budgeted to upgrade buildings; it is not just repairs, but compliance with fire. Dr. Forbes had presented a long term plan for a capital budget; we need to borrow money and get up to speed, paying it over time. Money is needed from the bargaining units to get control; money is needed to upgrade the physical plant. This is a big problem during a bad time; the global economy is bad and the ability of residents to fund is declining. We need to address the operating side deficit and capital expenditures for building.

Mr. Carcieri said it is difficult to negotiate objectively from both sides; we may need to have someone from the outside; pilot to start consolidation like exterior landscaping, one department at a time. Economics of scale could be enjoyed, and if we have to go outside, we should. This is something we have to do, not what we like to do. Mr. Cusack asked for an independent person with training.

Mr. Brown recommended identifying functions and the transfer of money will follow; even with a facilitator, it still comes down to commitment. The numbers in the school and city budget will not come up with millions in savings, but we can try to enhance the level of service with the money we have.

Valerie Perry thought a facilitator made sense, since it always seems to be “us and them.” Working with someone in the middle makes sense; the School Committee was elected to provide the best

education and to city to provide the best services; maybe the two can work together and act as one entity.

Mr. Cusack asked about the Caruolo action. Mr. Kinder related that the School Committee is deeply troubled about doing it, but he advised them that under law they have no choice; the School Department must not end the year with a deficit and either needs to cut or bring suit to get the money. By the time he came on board, there was no time for real cuts and three million in cuts could not be identified. There was a collaborative effort between the City Council and the School Committee for a plan, but the Auditor General would not approve it. At that point, with a deficit projected, the law gives no choice. He knows the School Committee hopes to work together, looking at the school budget with experts on both sides as to what can be cut. As a community you need to decided what you want in your school system and what you want to pay for; he hopes both will work it out without a judge and if not, the law provides the school department with a process.

Mr. Faria stated that Mr. Santos made motion which failed to make cuts last April; he asked where to go from this point to work out a better solution.

Mr. Kinder advised that it is up to counsel and School Committee to go down that path; it is an excellent legal process, but he is sure the judge would give time to see this worked out. We are asking for \$3.2

million and have asked the city for help; the question is does the city have money to give us, if no, what options are left. Mr. DiTraglia said it would be a tax increase or a cut in services, which he does not want to see.

Mr. Carcieri said the School Committee does not want to go Caruolo. Mr. DiTraglia made a motion to get the parties together; Mr. Carcieri asked if this would be a public or private meeting.

Mr. Kinder advised that discussion for settlement of litigation can be held in a private meeting. Mr. Carcieri asked if it would be the full School Committee and City Council or just representatives. Mr. Kinder suggested the City Manager and Superintendent meet and report back; we could hold an interim meeting to hear recommendations from chief administrators on each side with legal counsel.

Mr. Brown thought this would be a good point to break the evening; the City Council needs to be advised by legal counsel; there is an accumulated deficit of approximately \$3.4 million and layoffs do not generate that type of money (only over time). He does not know what kind of leeway there would be from the Auditor General; they are not pleased that we are not on schedule and there are a number of variables from both our points of view. Mr. Brown will discuss this with legal and talk to Dr. Cirillo. Mr. Carcieri asked to get that working and the consolidation working. Mr. Silva asked for values of

properties discussed in the past. Mr. Brown advised that the values are no longer appropriate; the School Department will use the buildings with greater savings; this needs to be reviewed before selling any buildings. Mr. Silva would like a draft plan and a timetable for consolidation. Mr. Brown said it will not happen in two weeks; tomorrow he will work to set up a meeting.

Mr. DiTraglia talked about the Caruolo action; Mr. Conley and Mr. Kinder to discuss the issue; he heard good will and possible resolution before legal. He asked to make a motion for legal to enter into settlement discussions. Mr. Santos said he has a problem with it and does not support suing oneself; he hopes this can be dealt with intelligently to be able to come to a real decision; he thought the legislation should never have seen light of day. The community needs to solve its problems without dragging it into court. He lives in the city and we should act on what is best for the city and start tonight.

A motion was made by Mr. Faria to adjourn at 9:30PM, seconded by Mr. Santos.

Respectfully submitted,

Patricia A. Iannelli, Administrative Assistant

Steven Santos, Clerk of the Committee